RSC Republican Study Committee
Rep. Jeb Hensarling (R-TX), Chairman
Russ Vought, Executive Director
132 Cannon House Office Building
Washington, DC 20515
www.house.gov/hensarling/rsc
Ph (202) 226-9717 / fax (202) 226-1633

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CONTACT: Brad Dayspring
(202) 225-3484

Hensarling/Conaway Bill Repeals Damaging Energy Provision

Legislation Repeals Misguided Section 526 from Energy Law

WASHINGTON, D.C. – Congressman Jeb Hensarling (R-TX), Chairman of the Republican Study Committee, and Congressman Mike Conaway (R-TX) have introduced legislation that repeals section 526 of the Energy Independence and Security Act of 2007 (EISA) which became law five months ago. Section 526 prohibits federal agencies from contracting for nonconventional, or alternative, fuels that emit higher levels of greenhouse gas emissions than "conventional petroleum sources." Though short, this section – which raises concerns over national security, economic security, and bureaucratic uncertainty – has powerful and harmful implications and needs to be repealed immediately.

"Section 526 is a perfect example of a misguided provision being covertly tucked into a broad piece of legislation shortly before it was passed," said Hensarling. **"Given the enormous consequences and potential harms to both our national and economic security, we don't need to *study* Section 526, we don't need to *re-interpret* Section 526, and we don't need to *fix* Section 526 – we need to repeal it."**

Section 526 was added to the 2007 Energy bill largely to stifle the Defense Department's plans to buy coal-based jet fuels, which radical environmentalists contend will ultimately produce more greenhouse gas emissions than would traditional petroleum—a contention that is uncertain at best and does consider ongoing improvements in carbon-capture technologies. The Air Force is interested in procuring unconventional fuels over the long-term as a way to reduce its reliance on fuels from unfriendly or unstable countries and increasing its use of fuels from North America.

Coal-to-liquids, oil shale, and tar sands are all abundant in the United States and Canada. The Air Force wants to use its purchasing power to spur the development of a domestic coal-based synthetic fuel industry by signing long-term fuel contracts with coal-based fuel producers, ensuring that producers have a guaranteed market to offset the millions of dollars in up-front investment needed to produce coal-based fuel.

Canada is currently the largest U.S. oil supplier, sending 1.8 million barrels of crude oil and 500,000 barrels of refined products per day to the United States in 2006. About half of Canadian crude is derived from oil sands, with sands production forecast to reach about 3 million barrels per day in 2015. Section 526 could choke this flow of fuel from one of our nation's most reliable allies and economic partners.

"Not only could Section 526 result in increased fuel costs for our military, it severely restricts the Pentagon's ability to get fuels from our strongest allies, putting our national and economic security at risk by forcing increased petroleum importation from unstable or even dangerous counties," said Hensarling. **At a time when American forces are combating terrorists abroad, it is especially necessary for the Pentagon to have the versatility to secure and develop alternative sources of fuel."**

Section 526 would be problematic enough if it were written clearly, however the language contains ambiguities, causing a flurry of attempts at legislative interpretation by the Air Force, the Canadian Government, the Center for Unconventional Fuels, and even the proponents of the language. Some claim that a *study* is needed to determine if coal-based fuel is clean enough to use under the law. Others claim that Section 526 does not apply to the military, while proponents claim that it most certainly does.

"With all of the potential dangers in the modern word, the Defense Department should not be wasting its time studying fuel emissions and should not have to be stifled by the arguments over how to interpret a small section of an energy law," said Hensarling.

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Congressman Jeb Hensarling is Chairman of the Republican Study Committee (RSC).